

Media enquiries

Matthew Doman
+61 8 8116 5260 / +61 (0) 421 888 858
matthew.doman@santos.com

Investor enquiries

Andrew Nairn
+61 8 8116 5314 / +61 (0) 437 166 497
andrew.nairn@santos.com

29 July 2008

Appointment of Chief Executive Officer and Managing Director

Santos today announced that David Knox, currently Acting Chief Executive Officer, has been appointed as Chief Executive Officer and Managing Director of Santos, effective immediately.

The Chairman of Santos, Stephen Gerlach, said: "We are delighted to appoint David to this role. His performance as Acting CEO has been impressive, and he has clearly demonstrated his enthusiasm and commitment to Santos and its strategic objectives."

"An international executive search firm was retained, and Santos considered both internal and external candidates before the Board determined to appoint David," Mr Gerlach said.

"David is the best person to lead Santos in its next phase of domestic and international expansion. His extensive industry experience and demonstrable leadership qualities resulted in his selection as the best candidate."

Mr Knox said he was honoured the Board had chosen him to lead Santos.

"This is an exceptional company, with a great team and an excellent portfolio of current and future projects. I look forward to leading Santos through the exciting times ahead as we continue to pursue our vision of becoming the leading Australian company supplying energy to Australia and Asia," he said.

"The recent finalisation of our Gladstone LNG partnership with PETRONAS and entering into FEED on the PNG LNG project underline the dramatic transformation taking place at Santos and is a clear demonstration of our ability to create long term shareholder value."

Biographical notes on David Knox

- Joined Santos in September 2007 as Executive Vice President, Growth Businesses, responsible for growth in Santos' emerging new businesses including LNG, Geoscience and New Ventures, Indonesia and other strategic projects.
- Became Acting CEO on 25 March 2008 upon the retirement of the former Chief Executive and Managing Director.
- Has extensive global experience in the petroleum industry. Previously Managing Director for BP Developments in Australasia from 2003 to 2007.
- During his 25 year career, has also held senior positions with BP in Australia, the United Kingdom and Pakistan. Previously worked for ARCO and Shell in the United States, Netherlands, the United Kingdom and Norway.

- Holds a first class honours degree in Mechanical Engineering from Edinburgh University and a Masters of Business Administration.

Summary of the key terms and conditions of appointment

Commencement date and Term

The agreement commences immediately and is ongoing, subject to 12 months' notice from Santos, and 6 months' notice from Mr Knox. Santos may terminate without notice in the event of serious misconduct.

Remuneration package

Total Fixed Remuneration: \$1,750,000 reviewed annually

Short term incentive: an annual opportunity of up to a maximum of 100% of Total Fixed Remuneration, subject to achieving performance targets set in advance by the Board.

Long term incentive: an annual opportunity of 100% of Total Fixed Remuneration for each of the 2008, 2009 and 2010 financial years subject to achieving agreed performance targets in accordance with Santos' long term incentive plan. The grants made will be broadly on the same terms offered to other senior executives under the Santos long term incentive plan, except that all of the LTI entitlements granted to the CEO will be subject to performance hurdles based on the Company's Total Shareholder Return (**TSR**) relative to the ASX 100 over a 3 year period. The CEO's LTI will only begin to vest should the Company's TSR exceed the 50th percentile with 37.5% vesting upon reaching this hurdle and the remainder vesting on a proportionate basis depending upon the Company's relative performance, with full vesting at the 100th percentile.

Payments on termination: in the event that Mr Knox's employment is terminated by the Company without cause, Mr Knox is entitled to a payment equal to 12 months' Total Fixed Remuneration (inclusive of any payment in lieu of notice) and a pro rata payment of STI up to the termination date (subject to performance). In addition, the Board has the discretion to determine that a pro rata amount of any unvested LTI entitlements will vest upon termination of Mr Knox's employment.

Ends

Santos stock symbols: STO (Australian Securities Exchange), STOSY (NASDAQ ADR), Ref #82-34 (Securities Exchange Commission)